

Procurement Policy and Critical Equipment Supply



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The presentation may contain forward-looking statements about future events within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are not based on historical facts and are not assurances of future results. Such forward-looking statements merely reflect the Company's current views and estimates of future economic circumstances, industry conditions, company performance and financial results. Such terms as "anticipate", "believe", "expect", "forecast", "intend", "plan", "project", "seek", "should", along with similar or analogous expressions, are used to identify such forward-looking statements. Readers are cautioned that these statements are only projections and may differ materially from actual future results or events. Readers are referred to the documents filed by the Company with the SEC, specifically the Company's most recent Annual Report on Form 20-F, which identify important risk factors that could cause actual results to differ from those contained in the forward-looking statements, including, among other things, risks relating to general economic and business conditions, including crude oil and other commodity prices, refining margins and prevailing exchange rates, uncertainties inherent in making estimates of our oil and gas reserves including recently discovered oil and gas reserves, international and Brazilian political, economic and social developments, receipt of governmental approvals and licenses and our ability to obtain financing.

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NON-SEC COMPLIANT OIL AND GAS RESERVES:

CAUTIONARY STATEMENT FOR US INVESTORS

We present certain data in this presentation, such as oil and gas resources, that we are not permitted to present in documents filed with the United States Securities and Exchange Commission (SEC) under new Subpart 1200 to Regulation S-K because such terms do not qualify as proved, probable or possible reserves under Rule 4-10(a) of Regulation S-X.

- 1. Petrobras Business and Management Plan 2013-2017**
- 2. Supply History**
- 3. What is Pre Salt?**
- 4. Local Content Supply Policy**
- 5. Critical Goods and Services**
- 6. Suppliers Qualification & Register**
- 7. Foreign Investment in Brazil: Oil and Gas Industry**
- 8. Conclusions**



Petrobras Business and Management Plan 2013-2017

Program Initiatives

Business and Management Plan 2013-2017

2013-2017
US\$ 236.7 Billion

PROEF
Program to
Increase
Operational
Efficiency

UO-BC
UO-RIO

PROCOP
Operating Costs
Optimization
Program

PRC-Poço
Program to
Reduce Well
Costs

INFRALOG – Logistic Infrastructure Optimization Program

PRODESIN – Divestment Program

Petrobras Local Content Management – Take advantage of the industry's capacity to maximize gains to Petrobras

PROCOP: Focus on OPEX, operating costs of the Company activities – Manageable Operating Costs.

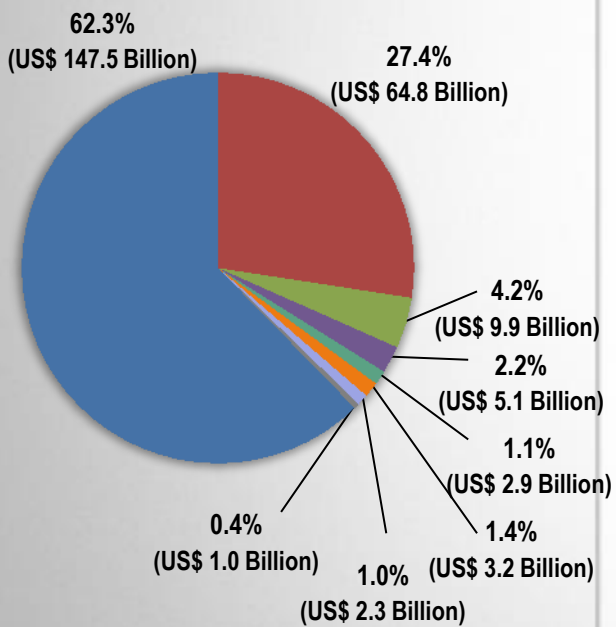
PRC-Poço: Focus on CAPEX dedicated to Wells construction – Investments in Drilling and Completion.

2013-2017 Business and Management Plan Investments



TOTAL

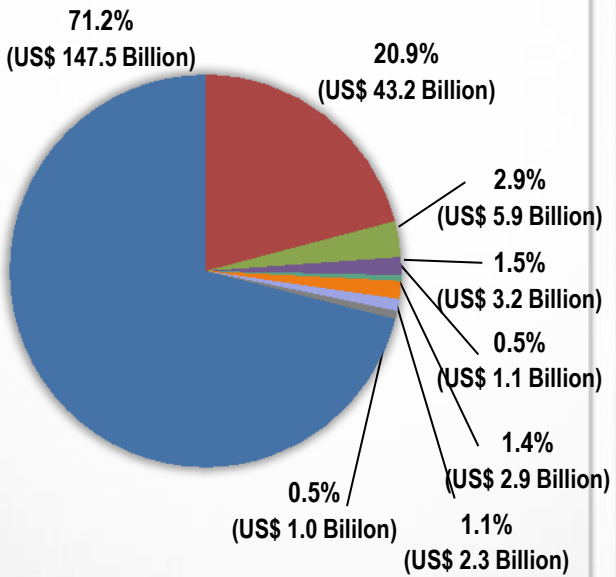
US\$ 236.7 billion
947 projects



UNDER IMPLEMENTATION

All E&P projects in Brazil and projects of the remaining segments in phase IV*

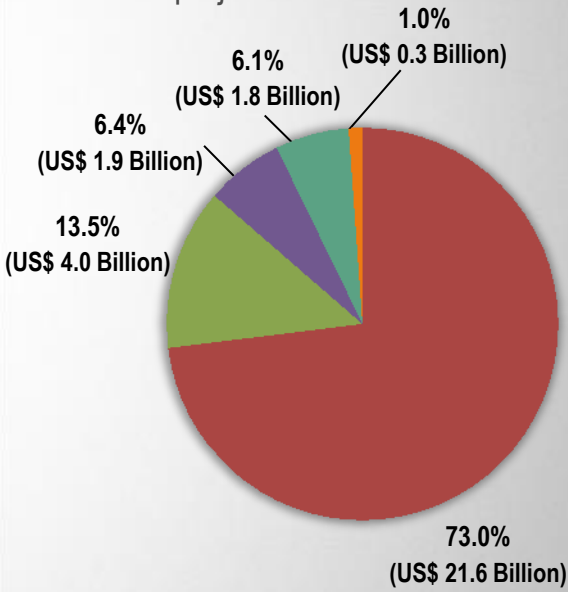
US\$ 207.1 billion
770 projects



UNDER EVALUATION

Projects for the remaining segments, excluding E&P currently in phase I, II and III.

US\$ 29.6 billion
177 projects



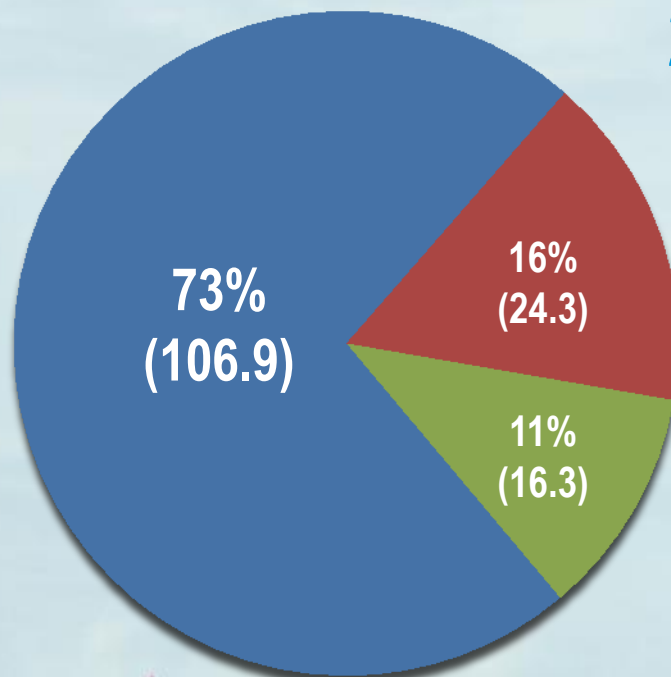
E&P Downstream G&E International Pbio* Distribution ETM* Other Areas*




Pbio = Petrobras Biofuel | ETM = Engineering, Technology and Materials | Other Areas = Financial, Strategy and Corporate

Phase I: Opportunity Identification; Phase II: Conceptual Project; Phase III: Basic Project ; Phase IV: Execution

2013-2017 PERIOD

US\$ 147,5 billions*



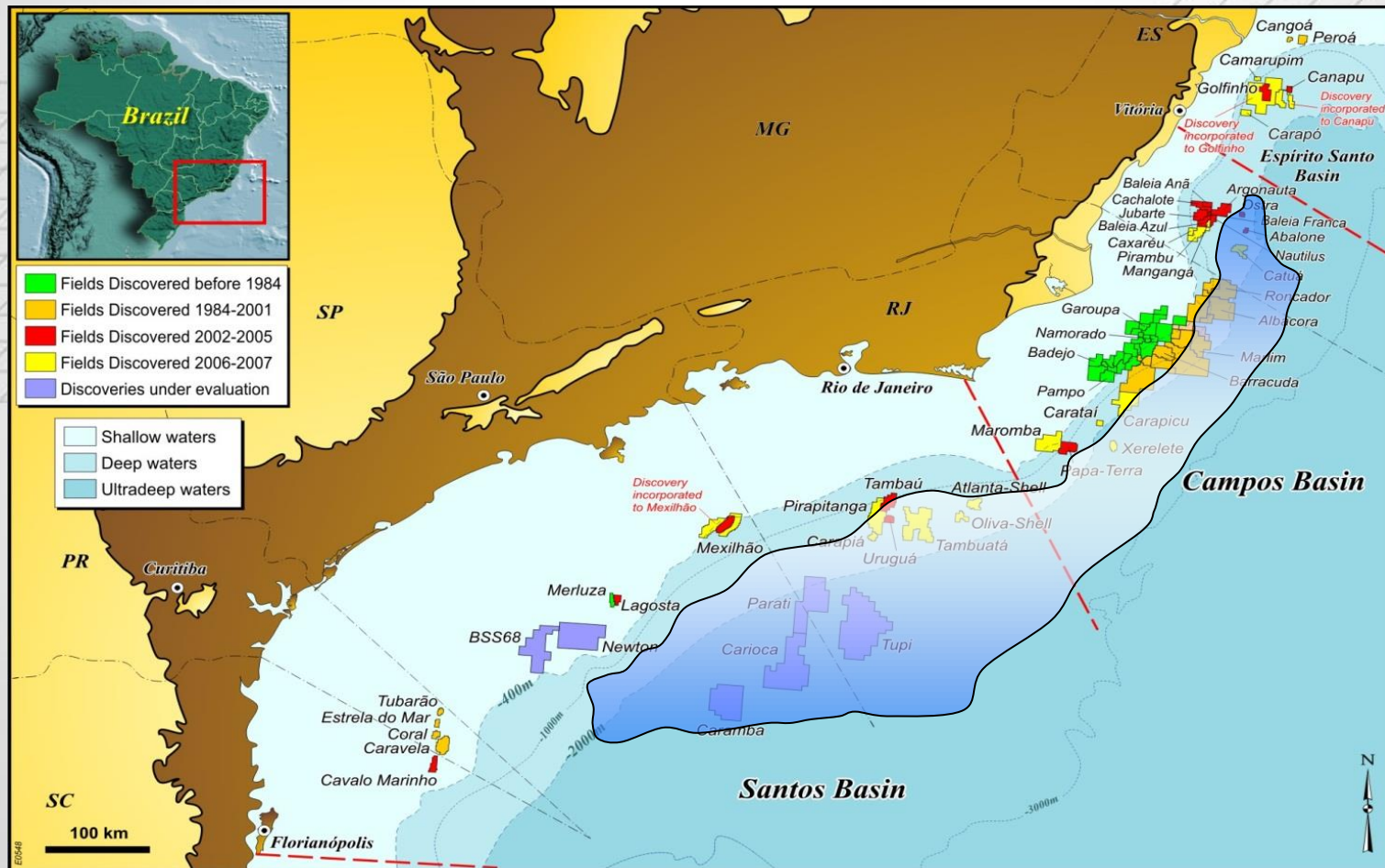
-  Production Development
-  Exploration
-  Infrastructure and Support

* Does not include International E&P investments

Petrobras Business and Management Plan 2013-2017

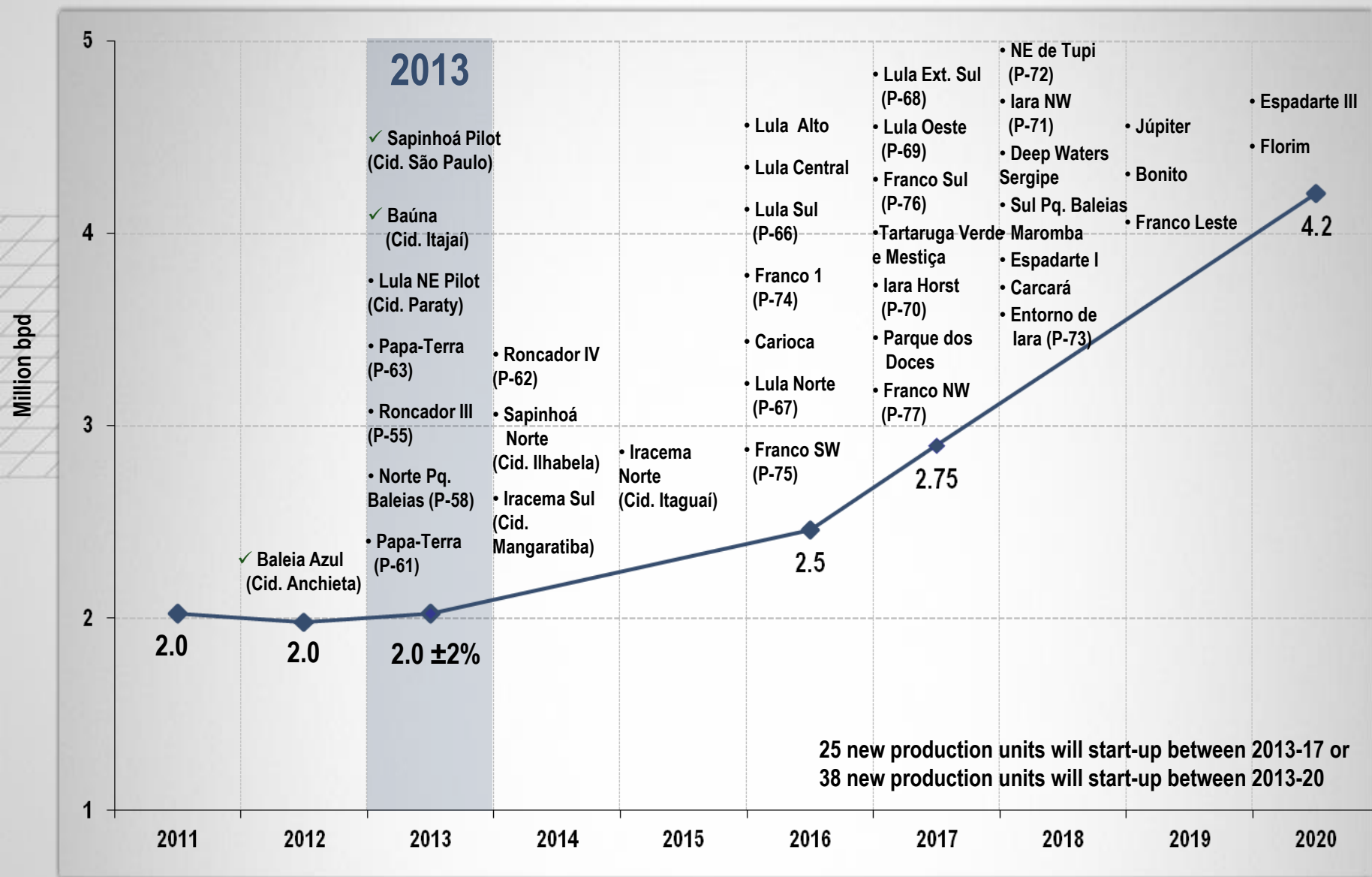
Relevance of the Program

Areas Covered: Pre-salt



2013-2017 BMP: Production Curve Maintained

Production Curve in Brazil | Production of Oil and LNG



Supply History



Focus on the Brazilian industry.
Increase of the Local Content in the
goods and services contracting
(competitiveness and technological adherence).

1950

1960

*Most of the equipment
and materials
are acquired from abroad*

1970

1980

*Substitution of imported
equipment and materials*

1990

2000

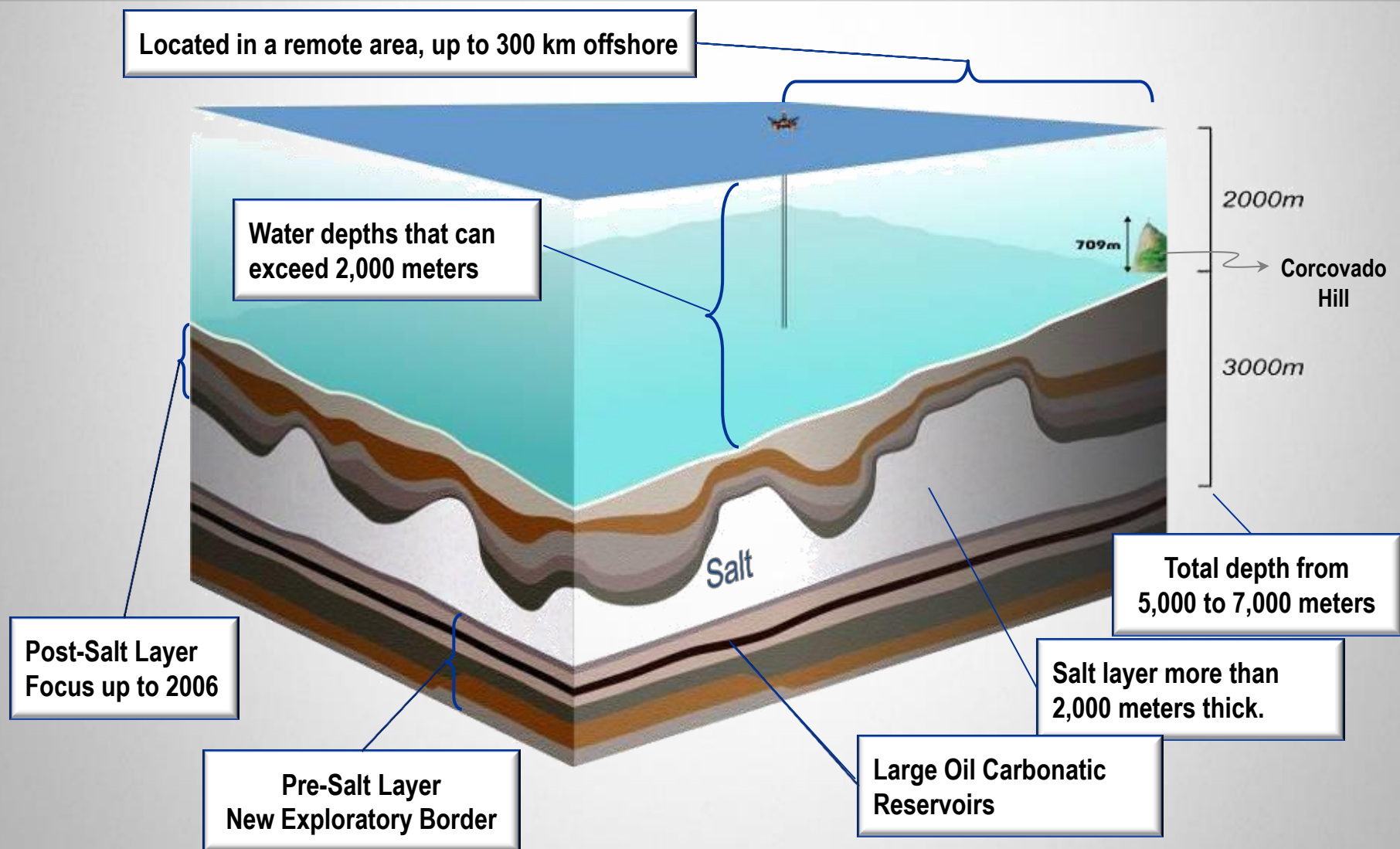
*Opening of the
Brazilian market for
importing*

2002

2003

What is Pre Salt?

What Is Pre-salt?

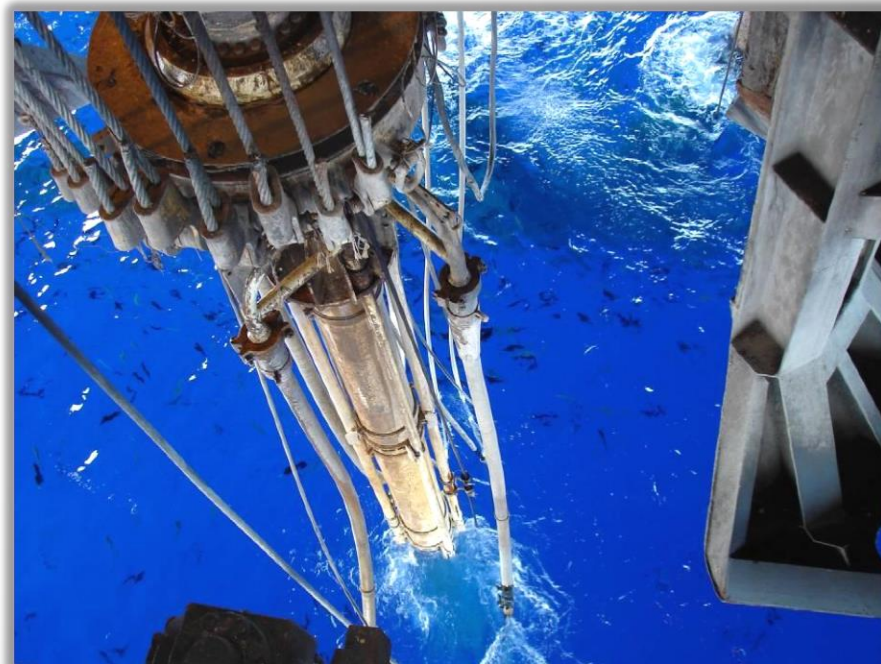


What Is Pre-salt?

PRE-SALT SOME TECHNOLOGICAL CHALLENGES

Drilling and Completion

- Construction of high angle wells, deviated into the salt zone
- Well integrity
- Penetration rate in the microbial carbonate reservoir
- New alloys to reduce costs of well materials

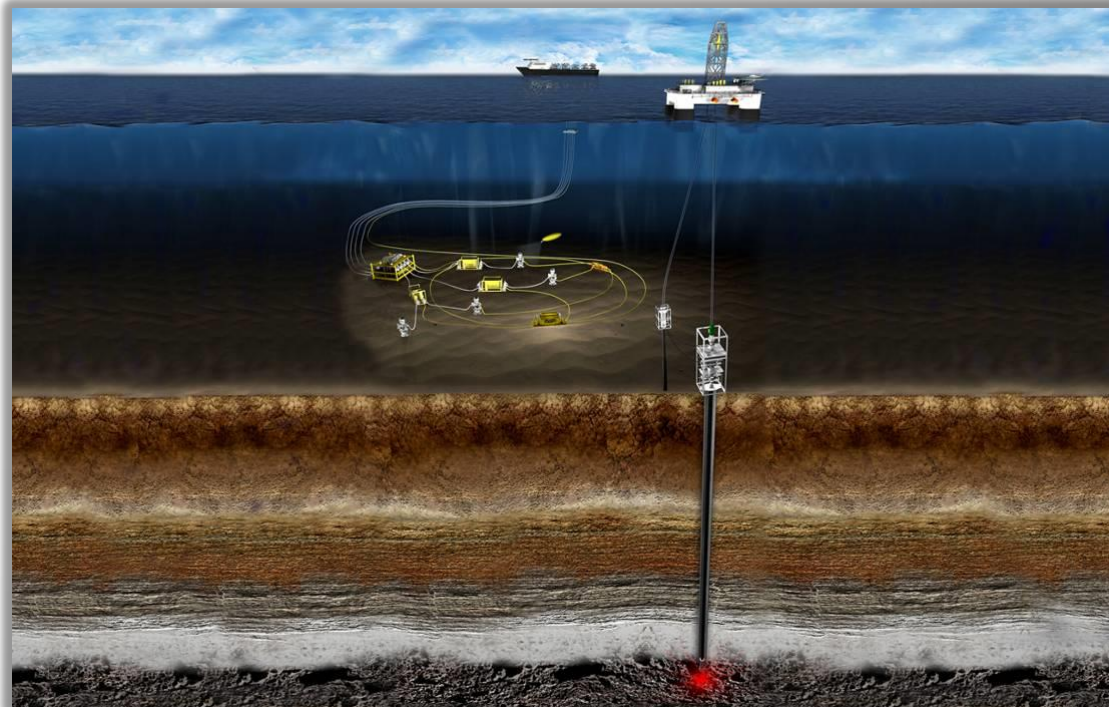


What Is Pre-salt?

PRE-SALT SOME TECHNOLOGICAL CHALLENGES

Reservoir

- Reservoir characterization
- Rock fluid interaction
- EOR



What Is Pre-salt?

PRE-SALT SOME TECHNOLOGICAL CHALLENGES

Subsea

- Flexible risers for water depth of 2,200m (7,218 ft)
- Flow assurance
- Scaling control



What Is Pre-salt?

PRE-SALT SOME TECHNOLOGICAL CHALLENGES

Floating Production Units

- Mooring in 2,200m water depths
- Interaction with the riser's system
- CO₂ processing



Local Content Supply Policy

PETROBRAS LOCAL CONTENT POLICY

The projects and contracts for Petrobras must withstand the challenges of the Strategic Plan and maximize Local Content in competitive and sustainable basis, accelerating the development of the markets where it operates and guided by the ethics and continued innovation.

Local Content Requirements



E&P

Minimum Local Content requirement at contracts for O&G Exploration and Field Development



REFINERIES

Minimum Local Content requirement according Petrobras Local Content Policy

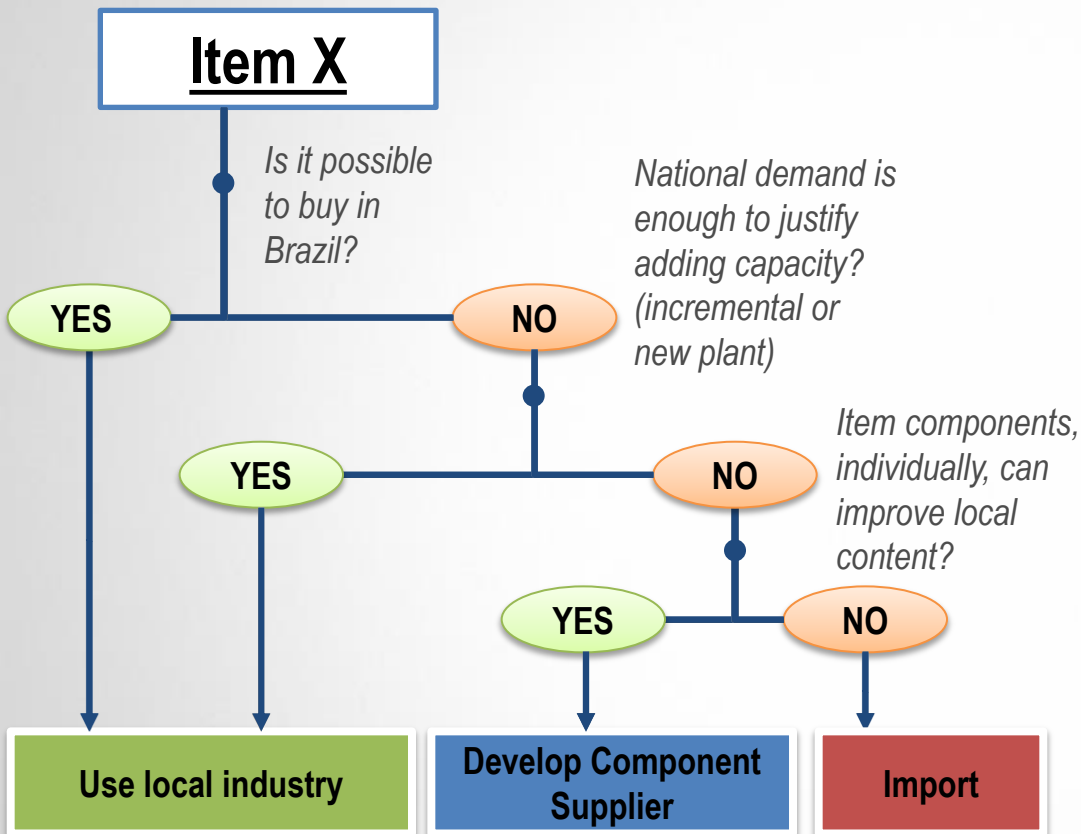


G&E

Minimum Local Content requirement according Petrobras Local Content Policy

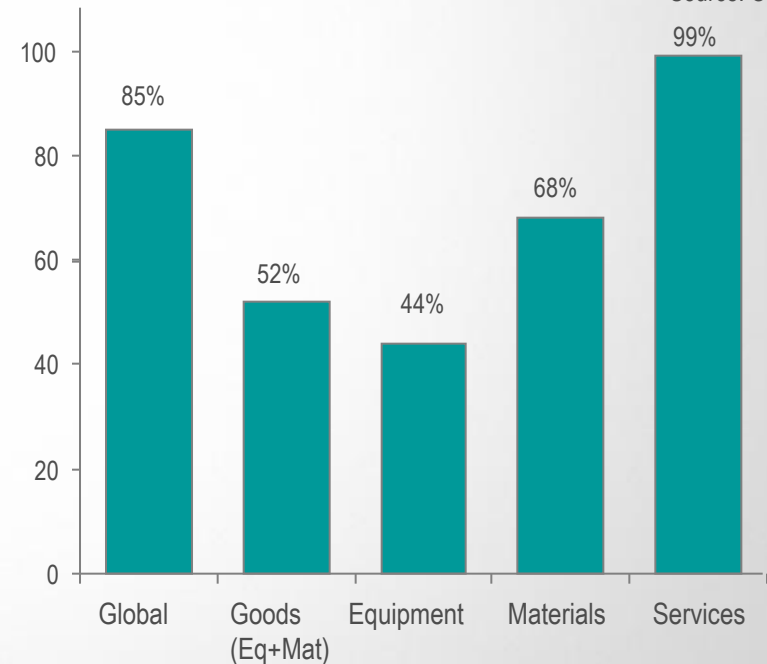
Minimum Local Content requirement for financing concession (BNDES)

Refineries and G&E Decision Matrix



Local Content –Downstream projects – Global Average

Source: ONIP



Local Content Formula

$$\% \text{ LC} = \left[1 - \left(\frac{\text{Imported Portion}}{\text{System Total Price without tax}} \right) \right] \times 100$$

‘Brazilian companies’ means companies that have manufacturing processes and after-sales services in Brazil, thus creating jobs and collecting taxes in the country.



Critical Goods and Services

Demand for New Equipment Business Plan 2013-2017

Item	Un.	TOTAL
Wet Christmas Trees	un	423
Subsea Welheads	un	263
Flexible Flowlines	km	3.667
Manifolds	un	58
Tubing and Casings	t	638.870
Umbilicals	km	2.557
Dry Christmas Trees	un	148
Onshore Welheads	un	206

Item	Un.	TOTAL
Pumps	un	3.692
Compressors	un	328
Winches	un	298
Cranes	un	178
Combustion Engines	un	80
Turbines	un	411

Itens	Un.	TOTAL
Reators	un	159
Oil/Water Separators	un	1.225
Storage Tanks	un	440
Towers	un	127

Itens	Un.	TOTAL
Generators	un	128
Filters	un	884
Flares	un	58

Suppliers Qualification & Register

Petrobras Concepts & Requirements Overview

Suppliers Qualification & Register

Corporate Register

The Corporate Register is a database of Brazilian and foreign companies interested in participating in bidding for Petrobras.

These companies, Brazilians or foreigners, are eligible to provide to Petrobras high complexity services or equipment/goods, which are under permanent Petrobras interest.

The evaluation approval, as part of the registration process, ensures the incorporation of the company in the Petrobras Corporate Register, obtaining the **CRCC** – Certificate of Registration and Classification. Then, the company could be invited to participate of new biddings.

Suppliers Qualification & Register

Corporate Guidelines

Requirements:

- ✓ Legal
- ✓ Economics
- ✓ Technical Approval

References

Petrobras Simplified Bidding Procedure
Chapter IV
(Issued by Government Decree 2.745/1998)

Petrobras Procurement Manual (MPC)
Item 4.1.6
(Approved by the Board of Directors)

Complementary Corporate Guidelines

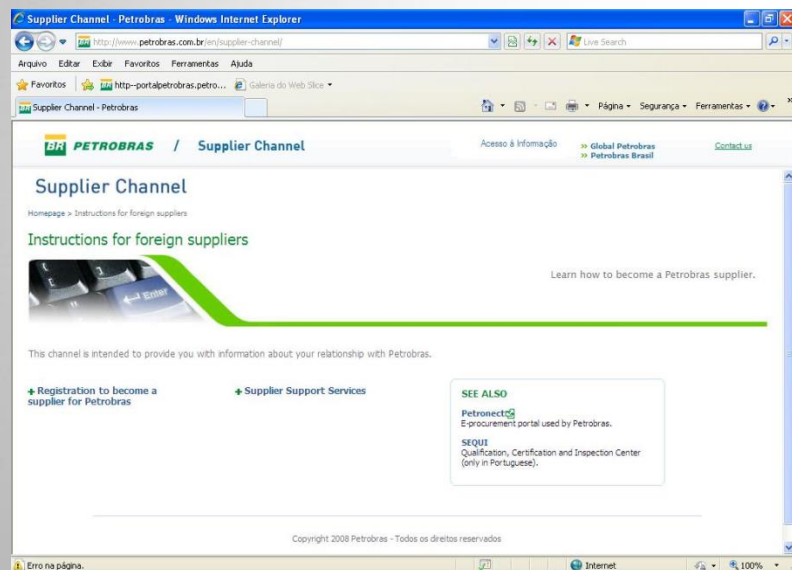
Requirements:

- ✓ Health, Safety & Environment - HSE
- ✓ Management & Social Responsibility

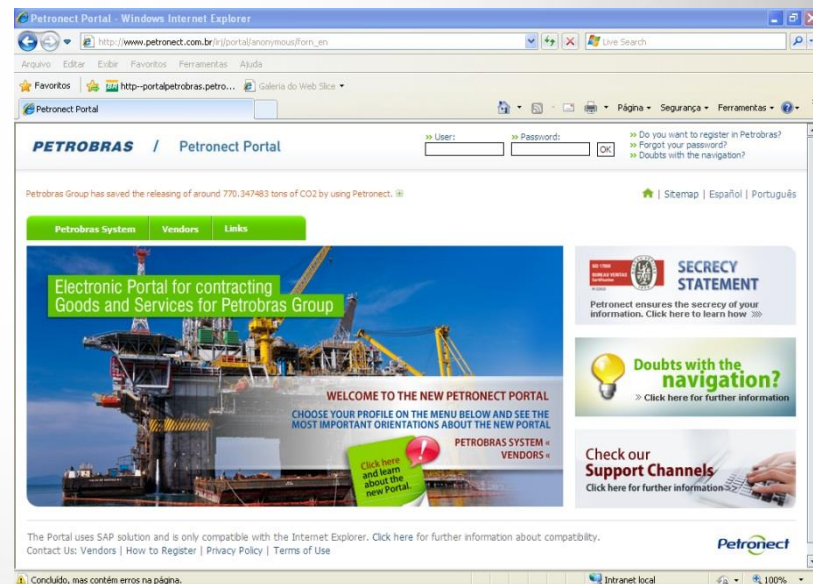
Suppliers Qualification & Register

Petronect

It is an “e-Procurement” portal, which provides tools for acquiring goods and services for Petrobras System companies and their suppliers. In its business platform are carried out several transactions ranging from **requests for quotes and sending proposals** to **management of orders and contracting**.



<http://www.petrobras.com.br/en/supplier-channel/>



www.petronect.com.br

Suppliers Qualification & Register

Register Flow Chart

Company Access to “Portal do Cadastro” at
www.petrobras.com.br/en/supplier-channel/

Identification

Identification:

- Contact Information;
- Scope of Supply;
- Local Representative;

Questionnaire

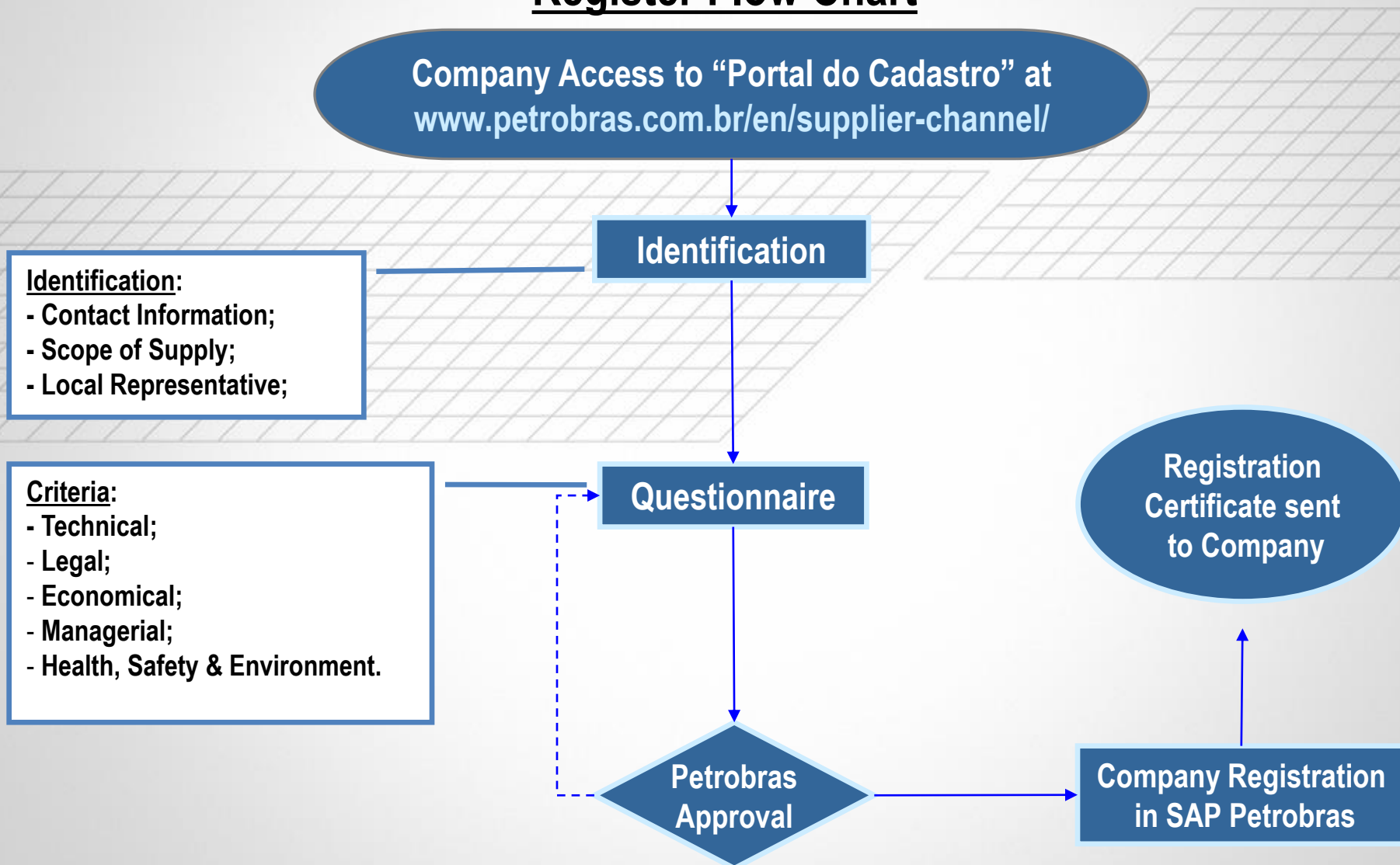
Criteria:

- Technical;
- Legal;
- Economical;
- Managerial;
- Health, Safety & Environment.

Petrobras
Approval

Registration
Certificate sent
to Company

Company Registration
in SAP Petrobras



Foreign Investment in Brazil: Oil and Gas Industry

Foreign Investment in Brazil: Oil and Gas Industry

Petrobras' Partners

APEX Brazil

Brazilian Trade and Investment Promotion Agency

<http://www2.apexbrasil.com.br/en/invest-in-brazil/apex-brasil-services-to-help-you>

ONIP

National Organization of the Petroleum Industry

<http://www.onip.org.br/areas-of-activity/?lang=en>

Foreign Companies Support in Brazil

Embassies, Consulates, Chambers of Commerce, etc.



Foreign Investment in Brazil: Oil and Gas Industry



- Focus on companies and projects that offer technological innovations and new business models, strengthen industrial supply chain, have a direct impact on national job increase and improve Brazilian exports.
- Support to all steps of the investor's decision-making process.
- Services portfolio:
 - industry sectors and markets analysis,
 - economic trends,
 - general guidelines on legal and fiscal matters, and
 - information on input costs, suitable locations and talent pool availability.



Foreign Investment in Brazil: Oil and Gas Industry

ONIP - National Organization of the Petroleum Industry (ONIP)



Services:

- Technology and Innovation: Support to technological development and innovation management in companies.
- Industry Intelligence and Registration Information: Preparation and offer of qualified reviews and registration information.
- Internationalization and Business Rounds: Promotion of exports and investments, partnerships with foreign companies and business rounds.

Foreign Companies Support in Brazil

- Foreign Suppliers' Delegations and missions;
- Support to the registration process at Petrobras Corporate Register;
- Support to the companies moving to Brazil
- Etc.

Legal Guide for Foreign Investors in Brazil

Ministry of External Relations

<http://www.brasilglobalnet.gov.br/arquivos/publicacoes/manuais/pubguialegali.pdf>

Conclusions

Conclusions

- ✓ Petrobras has a robust projects portfolio, which is atypical of the current global economic situation.
- ✓ There are huge opportunities for already installed and newcomers in the Brazilian market of suppliers, service and engineering companies due to the scale provided by the project portfolio.
- ✓ Local content is a relevant issue in the goods and services Petrobras' supply strategy.



Thank you!

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